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February 13, 2003

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VIA FACSIMILE AND FEDERAL EXPRESS

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Thomas J. Martin, Esq.
Associate Regional Counsel
U.S. Environmental Protection Agency
77 West Jackson Blvd.
Chicago, IL 60604

Re: Sauget Area 2 Interim Groundwater Remedy UAO

Jon A. Santangelo

(314) 259-4525

jsantangelo@stinsonmoheck.com

Dear Mr. Martin:

This letter is in response to the October 3, 2002 Unilateral Administrative Order ("UAO") for Remedial Design and Interim Remedial Action, which alleges that our client, Kerr-McGee Chemical, LLC, is a potentially responsible party under CERCLA and directs Kerr-McGee to undertake response actions at the Sauget Area 2 site.

As per our conversation, Kerr-McGee at this time is engaged in good faith negotiations with Solutia to reach a final settlement with respect to the UAO. Kerr-McGee is currently awaiting a response from Solutia to its most recent settlement counter-proposal. In light of the current discussions with Solutia, Kerr-McGee will continue to negotiate in an attempt to reach a final settlement. However, any settlement which is reached cannot be finalized before the February 14, 2003, deadline to respond to the UAO.

Although Kerr-McGee will continue to negotiate, Kerr-McGee believes that it has valid defenses to CERCLA liability and sufficient cause to challenge the requirements of the UAO. As per our conversation, Kerr-McGee will further outline a sufficient cause defense in the event negotiations with Solutia do not result in a binding settlement. Kerr-McGee will report the status of its negotiations with Solutia to you within 30 days (on or before March 14, 2003). If our negotiations with Solutia have not resulted in a settlement, we will then fully address our sufficient cause defenses to compliance with the UAO.

In our conversation on February 11, 2003, you confirmed that EPA has no objection to our proceeding in this manner and, by proceeding in this way, EPA will not take the position that we have somehow waived our sufficient cause defenses. In addition, you have advised that EPA will not seek to enforce the UAO, including penalties, against Kerr-McGee during this period of negotiation with Solutia.

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Thomas J. Martin, Esq.

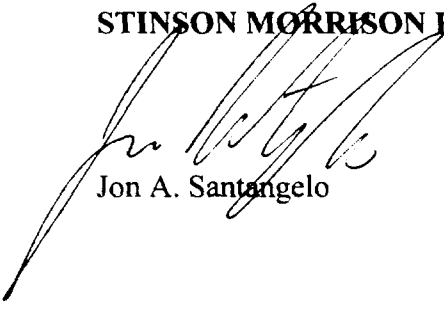
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We appreciate your cooperation and understanding as we move forward in these negotiations. Should you have any questions, or require any additional information with respect to this matter, do not hesitate to call.

Very truly yours,

STINSON MORRISON HECKER LLP



Jon A. Santangelo

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